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From farm to market in northwest Iowa

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From farm to market in northwest Iowa

Abstract

Aggregating products and marketing efforts can help local food producers in a less urban area make their operations more profitable.

Keywords

Community-based food systems, Market research and feasibility studies, Supply networks

Disciplines

Agribusiness | Business Administration, Management, and Operations | International and Community Nutrition | Marketing | Operations and Supply Chain Management

From farm to market in northwest Iowa

Abstract:

Aggregating products and marketing efforts can help local food producers in a less urban area make their operations more profitable.

Principal Investigator:

Dennis McDonald
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Spencer

Budget:

\$8,000 for year one

Q Would fruit and vegetable growers within a 30-mile radius of the Iowa Great Lakes benefit from cooperative marketing and distribution?

A Yes, they were able to achieve increases in market venues and sales.



MARKETING

Background

The Iowa Great Lakes Area possesses tremendous potential for marketing local foods, and very few local growers have taken advantage of the situation. Most of the produce sold in the area comes from 40-120 miles away. Growers in the immediate area have relied on the Lakes Area Farmers Market and direct marketing to sell their products.

The first project objective was to determine if there was a set of smaller, more local, diverse growers interested in expanding their sales, if there was a market for these sorts of local products, what the scope of that market might be, and if that quantity would be sufficient to bring small local growers together in a cooperative endeavor. The second objective was to establish a broad network of partners interested in promoting local foods and growers in the Iowa Lakes area.

Approach and methods

The team traveled to northeast Iowa to meet with the successful GROWN Locally group cooperative. Fifteen interested Iowa Lakes local growers were identified and interviewed to determine if they were a good fit with a cooperative marketing structure. Then expansion of local market potential was explored with numerous restaurants, seven schools, five grocery stores, a hospital and a nursing home, as well as the 150 family members of The Market Community Food Cooperative. Five upscale restaurants, the hospital and The Market's grocery store were identified as possible immediate markets. The growers spent six weeks learning more about the logistics and mechanics of cooperative sales. Since October 2010 a core group of nine growers has been meeting monthly to examine grower coop structures, and membership terms and conditions, and to study market potential and growing capacity.

To meet the second objective of creating a network of partners, 14 presentations and 20 meetings were conducted with a variety of groups representing private and public interests in the area.

Results and discussion

Growers most likely to gain maximum benefits from aggregation are those who:

- feel their direct and farmers market sales have peaked,
- exhibit a strong desire to increase sales, and
- have the capacity to increase production through adding hoop houses or additional land to their operations.

Nine of the original 15 growers had these qualifications. All are over 40 years of age, and seven sell regularly at the Lakes Area Farmers Market, while the other two rely heavily on direct sales. Profits in 2010 were down sharply due to field flooding, but aggregated sales later in the season helped increase the totals. The group began experimenting with aggregation, relying solely on excess product, in late July 2010 when they sold to five restaurants, a hospital and The Market store. They planned to expand their 2011 growing capacity with additional hoop houses and 20 more field acres.

Conclusions

The core group of nine growers has the potential to more than double its gross sales in 2011, and in 2012 reach a point where aggregated sales could gross each of them close to \$25,000. Ultimately all of the growers hope to develop fruit and vegetable production as a substantial part of their operations, or to use that production as their sole source of income. They also see this as a way to create opportunities for younger growers to enter or establish operations.

The data also suggest that there is room for, and probably a need for, several levels of food producers to emerge within this region's local food system. Three broad categories might include large-scale growers of 50+ acres who rely on a few crops and have their own marketing and distribution system, medium-sized growers with 2-25 acres who have some direct sales markets but will rely on aggregated marketing and distribution, and small growers who augment their regular income with farmers market sales and other sorts of direct marketing.

Considerable work remains to be done to develop and establish a marketing cooperative. The emerging growers group is weighing how to structure their organization for successful long-term aggregated marketing and distribution. For 2011 they have settled on a non-binding organizational agreement with a modest annual membership fee and a 90/10 split of revenue between the producer and the group administration.

Impact of results

Because this region historically has placed such heavy emphasis on tourism, it has been difficult to convince local government and businesses that local foods should be seen as an integral part of the economy. The injection of funds from the Leopold Center allowed local food systems advocates to support a sustained effort to move forward in this area.

Participants believe that the region's progress can serve as a model for other counties

and regions. Work has begun to put local growers in a position to achieve more local sales and potential collaborations with growers 50-100 miles away to meet the needs of nearby urban markets and college food service markets.

While most of the work was concentrated in Dickinson and surrounding counties, the group has begun to build connections into a broader region linking northwest Iowa and southwest Minnesota, extending into 10 counties in Iowa and Minnesota.

Education and outreach

The researcher team made 14 presentations on the project to civic groups, non-profit annual meetings, public education forums, school groups and growers groups with a total attendance of more than 300. Multiple stories were published in The Dickinson County News, Lakes News-Shopper, Estherville Daily News and Spencer Daily Reporter. Interviews were aired on the local radio and cable television stations.

Leveraged funds

Funding from this project helped leverage a \$19,500 USDA/IDALS Specialty Crop Block Grant to assure the success of growers in the Iowa Great Lakes Area. Other funding linked to the salary provided by this grant included \$3,500 from the Okoboji Foundation and \$1,000 from the Dickinson County Endowment for community garden projects.

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